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North Coldstream Mines Limited

Annual Report



For Year Ended December 31, 1968

NORTH COLDSTREAM MINES LIMITED

Suite 509, 25 Adelaide Street West
Toronto 1, Ontario

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of North Coldstream Mines Limited will be held at Suite 510, 25 Adelaide Street West, Toronto, Ontario on Wednesday the 12th day of June, 1968, at the hour of 10:00 o'clock in the forenoon, Toronto Time, to:

- (a) receive the 1967 Annual Report, including the financial statements for the year ended December 31, 1967 with the Report of the Auditors thereon;
- (b) elect Directors;
- (c) appoint auditors and authorize the Directors to fix their remuneration;
- (d) transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the 1967 Annual Report accompanies this notice.

DATED at Toronto, this 27th day of May, 1968.

By Order of the Board of Directors,

R. D. BELL,
Secretary.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of instrument of proxy and return it in the envelope provided for that purpose.

NORTH COLDSTREAM MINES LIMITED

Suite 509, 25 Adelaide Street West
Toronto 1, Ontario

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of North Coldstream Mines Limited (the Company) of proxies for use at the Annual Meeting of the Shareholders of the Company and at any adjournment thereof to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. The solicitation will be made primarily by mail but it may be that proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

A SHAREHOLDER DESIRING TO APPOINT ANY PERSON OTHER THAN THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY AS HIS NOMINEE TO ATTEND AND ACT AT THE MEETING FOR HIM MAY DO SO by striking out the printed names in the enclosed form of proxy and inserting the name of his nominee in the blank space provided in the form of proxy.

A shareholder who has given a proxy may revoke the same at any time.

EXERCISE OF DISCRETION

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS, AND FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On May 27, 1968 the Company had outstanding 5,438,696 shares of no par value, carrying the right to one vote per share so that the aggregate number of votes attaching to all the outstanding shares is 5,438,696. The Directors and senior officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company except the following:

<u>Name</u>	<u>Approximate number of such shares beneficially owned directly or indirectly</u>	<u>Percentage of outstanding equity shares represented by the number of shares so owned</u>
Dobieco Limited, Toronto, Ontario	2,345,610	43.1
Estate of H. W. Knight, Jr., Toronto, Ontario	1,000,000	18.4

ELECTION OF DIRECTORS

The Board consists of seven Directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated.

The following information is furnished with respect to each person proposed to be nominated for election as a Director:

<u>Name</u>	<u>Became Director</u>	<u>Number of Shares Beneficially owned</u>
R. D. BELL, of Willowdale, Ontario, is Secretary of the Company, which office he has held since January, 1966. He is a Chartered Accountant and has been for the preceding five years Secretary-Treasurer of Perry-Pattison Limited, Corporate Secretaries.	1965	1
J. P. BRISBOIS, of Toronto, Ontario, is Assistant Secretary-Treasurer of the Company which office he has held since May of 1968. He is a Chartered Accountant and since July of 1967 has been employed by Perry-Pattison Limited, Corporate Secretaries, and prior thereto by Thorne, Gunn, Helliwell & Christenson, Chartered Accountants. Mr. Brisbois became a Director in May of 1968 replacing Mr. L. J. Moreaux, deceased.	1968	1
P. S. CROSS, of Toronto, Ontario, is Vice-President of the Company which office he has held since November, 1965. He is a Mining Engineer and has been for the preceding five years employed by Mogul Mines Limited.	1965	1
K. A. DAVIS, of Toronto, Ontario, is and has been for the preceding five years an officer and director of several mining companies including International Norvalie Mines Limited.	1952	2,126
E. T. DONALDSON, of Toronto, Ontario, is and has been for the preceding five years President of Evandon Exploration & Holdings Limited, a holding exploration and financing company.	1959	1
A. B. LASH, of Toronto, Ontario, is and has been for the preceding five years a self-employed manufacturer.	1965	1
G. D. PATTISON, of Aurora, Ontario, is President of the Company, which office he has held since November, 1965. He is a Chartered Accountant and has been for the preceding five years Vice-President of Perry-Pattison Limited, Corporate Secretaries.	1965	1

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the fiscal year ended December 31, 1967 the aggregate remuneration payable by the Company to the Directors and executive officers was \$1,250 and to other senior employees \$46,673.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Clarkson, Gordon & Co., Chartered Accountants of Toronto, as auditors of the Company to hold office until the next Annual Meeting of Shareholders.

May 27, 1968.

North Coldstream Mines Limited

OFFICERS

G. D. PATTISON, C.A. - - - - - President
P. S. CROSS, B.Sc., P.Eng. - - - - - Vice-President
R. D. BELL, C.A. - - - - - Secretary-Treasurer
J. P. BRISBOIS, C.A. - - - - - Assistant Secretary-Treasurer

DIRECTORS

R. D. BELL, C.A. - - - - - Toronto, Ontario
J. P. BRISBOIS, C.A. - - - - - Toronto, Ontario
P. S. CROSS, B.Sc., P.Eng. - - - - - Toronto, Ontario
K. A. DAVIS - - - - - Toronto, Ontario
E. T. DONALDSON - - - - - Toronto, Ontario
A. B. LASH - - - - - Toronto, Ontario
G. D. PATTISON, C.A. - - - - - Aurora, Ontario

AUDITORS

CLARKSON, GORDON & CO. - - - - - Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY - 1901 Yonge St., Toronto, Ontario

HEAD OFFICE

SUITE 509, 25 ADELAIDE STREET WEST - - - - - Toronto, Ontario

North Coldstream Mines Limited

Suite 509, 25 Adelaide Street West
Toronto 105, Ontario

Directors' Report

To the Shareholders:

Accompanying this report are the financial statements of your Company for the year ended December 31, 1968 with Auditors' Report dated March 12, 1969.

During the year 1968 all of the remaining plant and equipment including townsite buildings and surface rights at the Company's property at Burchell Lake, Ontario were sold and net income for the year, including the gain on such sales, amounted to \$442,511.

An active program of reconnaissance and mineral exploration has been followed and various prospects located in Canada, Australia, England and the United States were examined. This policy is being continued.

During the spring of 1968 your Company acquired a 50% interest in 333 unpatented mining claims located in the Patricia Mining Division, Ontario, near the town of Armstrong. International Mogul Mines Limited is the owner of the remaining 50% interest.

An extensive exploration program jointly financed by your Company and International Mogul has been carried out in various sectors, and since the beginning of the current year eight diamond drill holes totalling about 2,200 feet have been drilled in the Juneau Lake area to test various anomalies indicated by geophysical work.

Hole No. 69-5 was drilled to investigate a coincident magnetic and electromagnetic feature in excess of 1,400 feet in length. This hole intersected a wide zone of sulphide mineralization and returned a core intersection of 27.1 feet from 232.0 feet to 259.1 feet assaying 0.53% copper and 0.80% nickel. The second drill hole into the anomalous zone, numbered Hole 69-9, drilled 200 feet west of Hole No. 69-5 also intersected a wide zone of mineralization, the best intersections being 21.2 feet from 250.0 feet to 271.2 feet, assaying 0.925% nickel and 0.55% copper.

Drilling is continuing to test the nickel-copper bearing sulphide zone.

Since the beginning of the exploration program certain claims have been dropped and others have been staked with the result that the Company and International Mogul Mines Limited now jointly hold 336 claims in the area.

The Company has also been actively searching for sound investment opportunities and during the month of March, 1969 purchased for investment 455,000 shares of The City Pharmacy (Freeport) Limited ("City Pharmacy") at a cost of approximately \$1,180,447 (U.S.). These shares represent 65% of City Pharmacy's issued shares.

City Pharmacy is engaged primarily in the retail sale of drugs, pharmaceutical items, perfumes and other sundry goods normally sold in a drug store or pharmacy. It carried on its operations in six well located outlet stores in the City of Freeport, Grand Bahama Island.

Valuable agency franchises are held relative to the distribution of perfumes, fragrances and drug items and it is expected that additional distributorships will be obtained. It is intended to establish additional retail outlets in the Freeport area and to expand into the wholesale area. In this regard certain exclusive distributorships have already been obtained and more are currently being negotiated.

Earnings per share on its 700,000 shares now outstanding, expressed in Bahamian dollars, are stated by City Pharmacy as follows:

Year ended September 30, 1967	23.3¢ per share
53 weeks ended October 5, 1968	30.1¢ per share
Period from October 6, 1968 to April 30, 1969	26.0¢ per share

The Controller of Exchange of the Bahamas has agreed that dividends on the shares held by your Company, when paid, shall be paid in U.S. dollars.

The population of Grand Bahama Island and the number of visiting tourists is expanding at a remarkable rate and it is expected that the earnings of City Pharmacy will show substantial increase from time to time as its business expands.

Your Directors are of the opinion that the Company's investment in shares of City Pharmacy has excellent growth potential.

Your Company's investment in International Mogul Mines Limited is now 567,000 shares being 21.7% of its issued shares. Because of the importance of this investment, a copy of the 1968 Annual Report of International Mogul accompanies this report for your information.

On behalf of the Board,

G. D. PATTISON,
President.

Toronto, Ontario,
June 5, 1969.

North Coldstream

(Incorporated under the laws of the State of Nevada)

Balance Sheet —

(with comparative figures for 1967)

ASSETS		1968	1967
Current:			
Cash and short-term deposits	\$	28,304	\$1,798,030
Marketable securities, at cost (approximate market value \$564,000)		508,571	9,935
Notes receivable		165,000	
Accounts and interest receivable		48,636	54,080
Current portion of mortgage receivable		85,000	
Special refundable tax		38,396	
Metal settlements outstanding at estimated realizable value			23,549
		<u>873,907</u>	<u>1,885,594</u>
Investment in International Mogul Mines Limited (note 2)		<u>8,198,102</u>	<u>7,000,000</u>
Other:			
Deferred exploration expenditures (statement 3)		129,109	
Mining properties and claims		8,404	146,631
Mortgage receivable (less current portion above)		90,000	
Special refundable tax			94,914
		<u>227,513</u>	<u>241,545</u>
		<u>\$9,299,522</u>	<u>\$9,127,139</u>

(See accompanying notes)

To the Shareholders of
North Coldstream Mines Limited:

We have examined the balance sheet of North Coldstream Mines Limited as at December 31, 1968 and the statements of income and earned surplus, deferred exploration expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

AUDITORS

Iron Mines Limited

(Incorporated under the laws of Ontario)

STATEMENT 1

December 31, 1968

(at December 31, 1967)

LIABILITIES

	1968	1967
Current:		
Accounts payable and accrued charges	\$ 57,742	\$ 50,270
Mining and other taxes payable	48,245	325,845
	<u>105,987</u>	<u>376,115</u>
Shareholders' equity:		
Capital —		
Authorized:		
7,000,000 shares of no par value		
Issued:		
5,438,696 shares	7,454,349	7,454,349
Earned surplus	1,739,186	1,296,675
	<u>9,193,535</u>	<u>8,751,024</u>

On behalf of the Board:

G. D. PATTISON, Director.

R. D. BELL, Director.

<u>\$9,299,522</u>	<u>\$9,127,139</u>
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(to financial statements)

REPORT

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 12, 1969.

CLARKSON, GORDON & CO.,
Chartered Accountants.

North Coldstream Mines Limited

Statement of Income and Earned Surplus

YEAR ENDED DECEMBER 31, 1968

(with comparative figures for 1967)

	1968	1967
Revenue:		
From production		\$2,812,349
Dividends, interest and sundry	\$ 93,882	39,334
	<u>93,882</u>	<u>2,851,683</u>
Expenses relating to metal production and mining (excluding items mentioned below and including a depreciation charge of \$24,070)		1,569,527
Other expenses:		
Administrative and general	31,594	66,354
Exploration expenses written off (net)	2,408	76,903
Interest	230	28,872
	<u>34,232</u>	<u>1,741,656</u>
Income before income taxes and extraordinary items	59,650	1,110,027
Income taxes (note 1)	8,000	330,000
Income before extraordinary items	<u>51,650</u>	<u>780,027</u>
Extraordinary items:		
Gain on disposal of plant, buildings, equipment, and townsite, less write-down of mining property and mineral rights, and close-down expenses	285,861	96,661
Income tax recovery (note 1)	105,000	89,000
	<u>390,861</u>	<u>185,661</u>
Income for the year	442,511	965,688
Earned surplus, beginning of year	1,296,675	330,987
Earned surplus, end of year	<u>\$1,739,186</u>	<u>\$1,296,675</u>

(See accompanying notes to financial statements)

North Coldstream Mines Limited

Statement of Deferred Exploration Expenditures

YEAR ENDED DECEMBER 31, 1968

Exploration:

Crescent Lake, Patricia Mining Division, Ontario —

Assaying	1,172	
Consulting	6,728	
Diamond drilling	18,509	
Engineering fees and expenses	5,878	
General field expenses	4,862	
Government fees, licences and taxes	1,346	
Linecutting	8,078	
Supplies	2,589	
Surveys	9,547	
Travel	3,286	
Wages	13,185	
Sundry	250	\$ 75,430

Oro Blanco Mining Area, Arizona, U.S.A. —

Assaying	2,315	
Consulting	12,125	
Engineering fees and expenses	3,822	
Research and development	360	
Travel	6,727	
Wages	17,072	
Sundry	5,276	47,697

Kenora, Ontario —

Consulting	75	
Government fees, licences and taxes	47	
	122	

Kamloops, British Columbia —

Consulting	825	
Travel	68	
	893	

Less transferred to income on abandonment 1,015 Nil

Bathurst Area, N.S.W., Australia —

Initial expenses of participation in joint venture 5,982

Hemerdon, South Devon, England —

Consulting	1,350	
Engineering fees and expenses	90	
	1,440	

Less transferred to income on abandonment 1,440 Nil

General and administrative:

Assaying	313	
Consulting	8,819	
Engineering fees and expenses	157	
General field expenses	356	
Government fees, licences and taxes	635	
Travel	2,217	
Sundry	588	

Less transferred to income 13,085 Nil

Total deferred expenditures \$ 129,109

(See accompanying notes to financial statements)

North Coldstream Mines Limited

Statement of Source and Application of Funds

FOR THE YEAR ENDED DECEMBER 31, 1968

Application of funds:

Investments in other companies	1,198,133	
Exploration expenditures deferred and mining properties and claims	129,563	
Mortgage receivable	90,000	\$1,417,696
		<u> </u>

Source of funds:

Operations —

Income for the year	442,511	
Add back mining properties written off — an item not requiring an outlay of funds	138,712	
	<u>581,223</u>	

Refund of special refundable tax	94,914	676,137
	<u> </u>	<u> </u>

Net application of funds resulting in a decrease in working capital		741,559
Working capital, beginning of year		1,509,479
		<u> </u>
Working capital, end of year		<u>\$ 767,920</u>

Represented by:

Current assets	873,907	
Less current liabilities	105,987	\$ 767,920
	<u> </u>	<u> </u>

(See accompanying notes to financial statements)

North Coldstream Mines Limited

Notes to Financial Statements

DECEMBER 31, 1968

1. **Income taxes:**

During 1968 the company disposed of its remaining plant and equipment. As a result of providing depreciation in the accounts, in excess of that claimed for income tax purposes in prior years, the disposal created a loss for income tax purposes, which was carried back as a partial recovery of 1967 income taxes paid. No income taxes are payable for the current year.

2. **Investment in shares of International Mogul Mines Limited:**

The investment in International Mogul Mines Limited (formerly Mogul Mines Limited) represents approximately 22% of the issued shares of that company. These shares had a quoted market value of \$10,300,000 at December 31, 1968 (\$9,300,000 at December 31, 1967). This does not necessarily represent the value of this investment which may be more or less than that indicated by market quotations.

3. **Remuneration of directors and officers:**

The direct remuneration of directors and senior officers (as defined by The Corporations Act) for the year ended December 31, 1968 was as follows:

Directors and executive officers	\$ 1,250
Other employees	19,115
	<u>\$ 20,365</u>

4. To conform with the financial presentation used in 1968, certain of the 1967 figures have been reclassified.

North Coldstream Mines Limited

Notice to Shareholders

October 2, 1964

Dear Shareholder:

I am writing to you today to inform you of the results of the annual general meeting of North Coldstream Mines Limited, which was held on September 24, 1964, at the company's headquarters in Coldstream, British Columbia.

The meeting was attended by 12 shareholders, representing 100% of the issued shares. The following resolutions were passed:

1. That the accounts for the year ended December 31, 1963, be adopted.
2. That the directors be re-elected for the ensuing year.
3. That the company be authorized to issue up to \$100,000 of additional shares.

The financial results for the year ended December 31, 1963, are as follows:

Particulars	Amount
Revenue	\$12,500
Operating Expenses	(8,000)
Operating Profit	\$4,500
Other Income	1,000
Net Profit	\$5,500

The net profit of \$5,500 represents a 55% increase over the net profit of \$3,500 for the year ended December 31, 1962. This increase is due to a combination of factors, including an increase in revenue and a decrease in operating expenses.